

Production and Marketing of Pellets In Zambia

*-Creating healthy material flows and maximizing positive
impact, through business*



Devastation due to charcoal production



The final destination of Africa's forests



Simultaneously: fine biomass going to waste

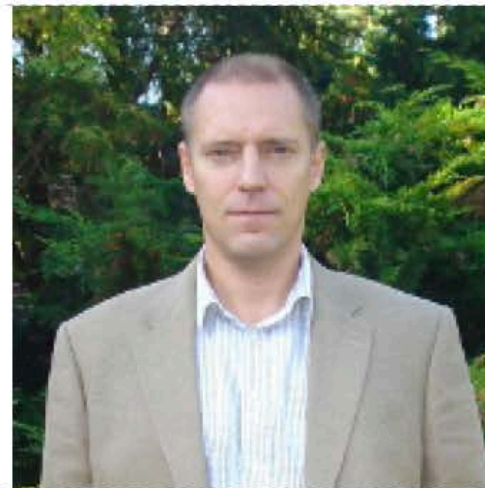
- Swedish-Zambian Joint Venture
- Started end 2010
- Goal: Replace 600,000 tons charcoal with 250,000 tons waste biomass pellets in Zambia



Mattias Ohlson
CEO



Per Löfberg
HR



Örjan Rödén
CFO



Sonta Kauti
COO Zambia



Gabriel Mumba
Chairman

Activities

- Producing pellets from sawdust (current installed capacity: 3000 tons/year)
- Pioneering the use of the Philips stove with pellets
- Setting up distribution system for large-scale deployment of stoves and fuel in Zambia



How we build consumer demand

- People save money using our system
- Lower threshold of entry into the system using innovative financing solutions –Payroll deductions and bank account standing orders
- Using the “puppy” model – try for free



Challenges faced

- Difficult to access financing (we have raised \$600,000 in 24 months)
- Lack of access to quality pellet gasifying stoves, until now
- Philips stove is still too expensive (\$72 from factory and about \$100 landed price inc VAT with % overhead)



Lessons learned

- We tried distribution of pellets in the company and found out that the best are the sales points.
- Targeting people with existing purchasing power for fuel makes the business model more solid.
- You start the process by talking to HR, do a demonstration, make a contract then distribute. Response has been overwhelmingly positive
- Pelletizing is not easy - consult experts
- Don't give up



Next steps

- Rolling out minimum 7500 Philips stoves this year
- Scaling up pellet production significantly 2014
- Raising 3+ million USD next year for pellet production infrastructure
- Retailing of corn flour is a bulk activity with extremely low margins. We have huge margins on the pellets and can afford adding another whole-sale layer by partnering with an existing whole saler/distributor of corn flour, with national reach. A bag of pellets (fuel) is a very similar product to a bag of flour.



Short Video Clip

- Video Clip on the production of pellets

Thank you!

Sonta Kauti

sonta@emerging.se

+260 977 271 633